

212
NEW
BUSINESS
LICENSES
ISSUED

▼ 38% from Q2 2021

▲ 51% from Q3 2020

1023
BUILDING
PERMITS
ISSUED

▼ 22% from Q2 2021

▼ 16% from Q3 2020

28
COMMERCIAL
PERMITS
ISSUED

▼ 20% from Q2 2021

▼ 30% from Q3 2020

74
NEW HOME
PERMITS
ISSUED

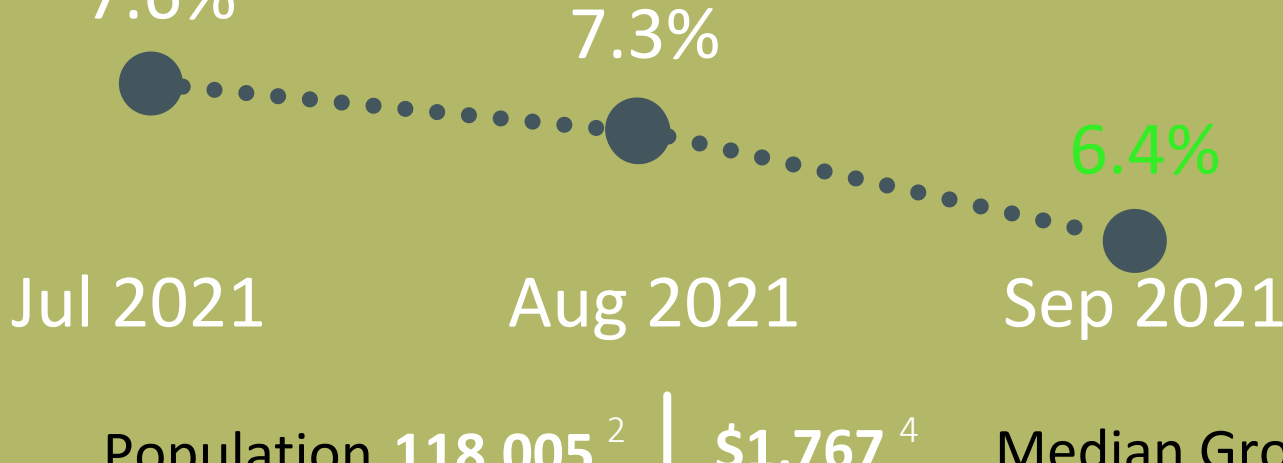
▼ 36% from Q2 2021

▼ 43% from Q3 2020

\$85,686,921
TOTAL
PERMIT
VALUATION

▲ 75% from Q2 2021

▲ 18% from Q3 2020

Unemployment¹

Population **118,005**² | Median Gross Rent **\$1,767**⁴
 Median Family Income **\$99,300**³ | Median Home Sale **\$570,000**⁵

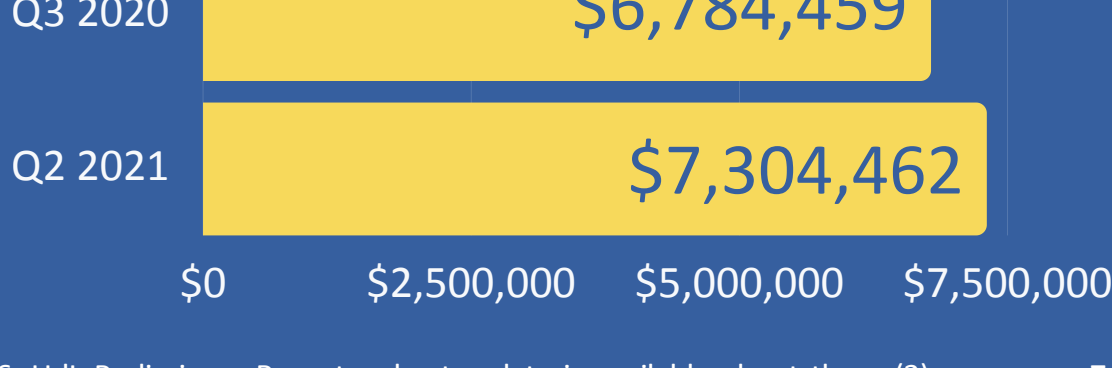
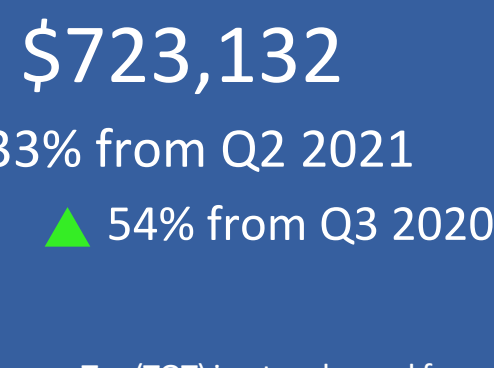
1. EDD: Vallejo-Fairfield MSA / Jul-Sep 2021

2. Department of Finance: E-1 Annual Estimate for Fairfield / Jan 2021

3. HUD: Median Family Income for Vallejo-Fairfield MSA / FY2021

4. Rentdata.org : Median Rent Data (2-bed) for Vallejo-Fairfield MSA / FY2021

5. Redfin.com: Housing Market Data for Fairfield / September 2021

Sales Tax⁶Transient
Occupancy Tax⁷

6. HdL Preliminary Report: sales tax data is available about three (3) months after close of quarter.

7. Transient Occupancy Tax (TOT) is a tax charged for rent accommodations in a hotel, inn, tourist home or house, motel, or other lodging

Commercial Retail
Vacancy Rates⁸

8. CoStar: Vallejo-Fairfield / retail vacancy rate for Q3 2021.

Key Takeaways



Despite the labor shortage and ongoing supply-side chain challenges, the employment rate is trending downward and people are returning to work. Increased consumer demand is placing upward pressure on worker wages.

The federal government's efforts to mitigate some of the impact inflation have largely been unsuccessful. Inflation is no longer considered inflationary as business and economists anticipate inflation to continue well into 2022.



The City continues to recover well as it's found its economic footing in a post-pandemic economy. There's an uptick in collection of Transient Occupancy Tax and Sales Tax from the prior quarter.



Detailed Analysis

Fairfield, and the rest of California, continue to recover this quarter as businesses and industries have acclimated to the uncertainty of a post-pandemic economy. Latent consumer demand for goods and services mixed with the sluggish thawing of the global supply-chain have dispelled all notions that inflation is transitory. A surge of resignations lends further evidence that the economy is whipsawing back to pre-pandemic levels as worker wages haven't increased this rapidly since 1990. However, the upward pressure on workers wages is resulting in two different outcomes for two different groups. Lower-wage workers in retail, hospitality, and services have suddenly been thrust into a situation where the bargaining chips are in their favor, but are also contending with the regressive impacts of inflation. White-collar professionals; however, have reaped the lion's share of benefits of the current economy: able to negotiate for higher compensation, dictate their work arrangements, and command a financially comfortable position from their swelling salaries. Construction, Employment, Tax Revenue, and Occupancy Rates are key indicators for a city's economic health.

The total number of building permits issued by the City decreased by 22% from Q2 2021. However, the total permit valuation has increased by 75% since that same quarter—indicating that larger-scale development projects are dominating within the pool of permits being issued.

The unemployment rate for the Vallejo-Fairfield area dropped to 6.4% as of September 2021. The major takeaways for Q3 2021 are inflation, the labor shortage, and the supply-chain issue. The cocktail of these factors boosted wages across the board, but were especially generous for the white-collar professional and managerial worker class. Nonetheless, workers from all sectors suddenly possess a negotiating ability that hasn't been seen since 1990. Employers are jostling and competing for workers to meet the unlocked demand for consumer goods and services. The public is accepting that COVID-19 will become endemic in society to a degree and are demonstrating a willingness to swallow higher prices—fueling the increases in worker wages.

Fairfield is in a comfortable position as can be seen through the increases in revenue on quarter-over-quarter basis. At the conclusion of Q2 2021, Fairfield collected \$7,304,462 in sales tax—a 21% increase from the previous quarter. In Q3 2021, the City collected \$723,132 in transient occupancy tax. This is a 33% from the previous quarter and a 54% increase from the same time last year. Fairfield is benefitting similarly as the rest of California

The vacancy rate for commercial retail space was 3.7% for Q3 2021 for the Vallejo-Fairfield area. The marked decreased in vacancy indicates that business owners and operators are feeling confident and itching to fill up retail and commercial spaces.